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IN THE

Supreme Court of the United States

OCTOBER TERM, 1977

No. 77-1573

AMERICAN TELEPHONE AND TELEGRAPH COMPANY and WESTERN ELECTRIC COMPANY, INCORPORATED,
Petitioners,

v.

EARL E. O'CONNOR, UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF KANSAS,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

ALBERT E. FEY
Attorney for Petitioners

FISH & NEAVE
277 Park Avenue
New York, New York 10017

Of Counsel:

RICHARD J. CODDING
222 Broadway
New York, New York 10038

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Petitioners American Telephone and Telegraph Company and Western Electric Company, Incorporated respectfully pray that a writ of certiorari issue to review the order of the United States Court of Appeals for the Tenth Circuit entered in this proceeding on January 6, 1978.

OPINIONS BELOW

The orders of the United States Court of Appeals for the Tenth Circuit and the United States District Court for the District of Kansas have not been re-

ported. These orders appear in the Appendix to this petition at pages 1a and 2a, respectively. No opinions were rendered below.

JURISDICTION

The order of the Court of Appeals for the Tenth Circuit was entered on January 6, 1978. A timely petition for rehearing was denied on February 2, 1978. A copy of that order appears in the Appendix at page 3a. The present petition was filed within 90 days thereafter. This Court has jurisdiction to review the order of the Court of Appeals pursuant to 28 U.S.C. § 1254 (1) and § 1651.

QUESTIONS PRESENTED

1. Should a patent infringement action against the manufacturer of the allegedly infringing devices and three customers have been transferred under 28 U.S.C. § 1404(a) from a forum in which none of the parties were residents or had their principal places of business, which was only nominally connected to the litigation and which was chosen by the plaintiff only because it had previously undertaken and substantially completed litigation in that forum, to a forum which is significantly more convenient to all parties and witnesses and in which a related declaratory judgment action is pending involving all principal parties and all issues?

2. Should the purposes of the patent venue statute, 28 U.S.C. § 1400(b), which sought to restrict patent infringement litigation to jurisdictions in which the alleged infringer has substantial activity relating to the alleged infringment, be subverted, forum shopping condoned and encouraged, and transfer denied simply

because the plaintiff chose the forum, irrespective of the fact that all of the statutory criteria for transfer under 28 U.S.C. § 1404(a) and the decisions of this and other courts overwhelmingly favor transfer?

3. Should this Court exercise its supervisory authority to reduce the drain on judicial resources created by forum shopping in patent cases?

STATUTES INVOLVED

28 U.S.C. § 1404(a) provides:

"For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought."

28 U.S.C. § 1400(b) provides:

"Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

STATEMENT OF THE CASE

Nature Of The Case

This is a patent infringement action arising under 28 U.S.C. § 1338(a). This action was commenced by Milgo Electronic Corporation ("Milgo") against Western Electric Company, Incorporated ("Western"), the manufacturer of the allegedly infringing devices, its customers, American Telephone and Telegraph Company ("AT&T", which is the parent company of Western), Southwestern Bell Telephone Company ("Southwestern Bell", also a subsidiary of

AT&T) and Boeing Computer Services, Inc., ("Boeing," a customer of Southwestern Bell) in the District of Kansas. The case was assigned to the Honorable Earl E. O'Connor, United States District Judge for the District of Kansas, respondent herein.

Neither the plaintiff below, nor any of the defendants is a Kansas corporation or has its principal place of business in Kansas. Neither the inventions of the patents in suit nor the design, development or manufacture of the allegedly infringing devices was accomplished in or near Kansas. Substantially none of the prospective witnesses for either side lives in or near Kansas, while the vast majority of witnesses and documents for both sides on the issues of infringement and validity are located on the East Coast. These facts make this case particularly well suited to the application of the 28 U.S.C. § 1404(a) transfer statute as a means of alleviating the burdens imposed by forum shopping in a situation where, although the requirements of the patent venue statute 28 U.S.C. § 1400(b) technically are met, the action really has no connection with the plaintiff's chosen forum.

In spite of the overwhelming weight of considerations favoring transfer and the absence of factors weighing against transfer, the District Court denied petitioners' motion to transfer, from the bench, following oral argument, without writing an opinion and without stating its reasons beyond a bare conclusory statement that petitioners had failed to meet their burden of proof.

This case thus provides the Court with the opportunity to give guidance for 28 U.S.C. § 1404(a) transfers which will reduce forum shopping in patent cases

and which will encourage infringement cases to be brought in jurisdictions consistent with the spirit as well as the letter of 28 U.S.C. § 1400(b), thus ultimately reducing the burden on the courts imposed by 28 U.S.C. § 1404(a) motions by reducing the incidence of forum shopping by plaintiffs in patent infringement suits.

Statement Of The Facts

Milgo commenced this action (the "*Kansas*" case) for infringement of four of its patents on January 23, 1976. Two of the patents had previously been held valid in an earlier action commenced in the District of Kansas against a Kansas corporation, *Milgo Electronic Corporation* v. *United Telecommunications, Inc. and United Business Communications, Inc.*, 189 USPQ 160 (D. Kan. 1976) (the "*United*" case). Trial of the patent validity and infringement issues in that action had been completed and a decision rendered prior to the commencement of the instant action.

The principal parties to this action include plaintiff Milgo, a Florida corporation with its principal place of business in Miami, defendants-petitioners, Western, a New York corporation with its principal place of business in New York (the manufacturer of the allegedly infringing products, modems[1]) and AT&T, a New York corporation with its principal place of business in New York (Western's parent and a customer of Western).

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[1] Sophisticated electronic devices used to communicate digital computer type information over regular voice telephone lines.

The other two defendants below, Southwestern Bell, simply a customer of Western, and Boeing, a customer of Southwestern Bell, both doing business in Kansas, were named as defendants in the case solely for the purpose of creating the illusion that this case has some nexus with the Kansas forum. Nevertheless, neither is a Kansas corporation nor does either have its principal place of business in Kansas. Southwestern Bell is a Missouri corporation with its principal place of business in St. Louis, Missouri while Boeing is a Delaware corporation with its principal place of business in Dover, New Jersey.

On the very same day this action was commenced, Milgo commenced another patent infringement action in Kansas against Yellow Freight Systems, Inc., a customer of the Codex Corporation, another manufacturer of modems, *Milgo Electronic Corporation* v. *Yellow Freight Systems, Inc.*, Civil Action No. 76-16-C2 (the "*Yellow Freight*" case). That action, involving some of the same patents involved in this action, was later stayed as a result of the decision of the Court of Appeals for the First Circuit in a declaratory judgment action brought by Yellow Freight Systems and its manufacturer-supplier, Codex Corporation, in Massachusetts, *Codex Corporation and Yellow Freight Systems, Inc.* v. *Milgo Electronic Corporation and International Communications Corporation,* 553 F.2d 735 (1 Cir. 1977), cert. denied —— U.S. —— (1977). (The "*Massachusetts*" case).

On March 2, 1976 AT&T, Western and their affiliated company, Bell Telephone Laboratories, Inc. ("Bell Labs"), the designer of the allegedly infringing devices, brought a declaratory judgment action in New York against Milgo and its manufacturing and

sales subsidiary, International Communications Corporation ("ICC"), seeking a declaration that the patents in suit in Kansas in the action against AT&T, Western, Southwestern Bell and Boeing are invalid and not infringed and also a determination of priority under 35 U.S.C. § 291 between a Milgo patent and a Bell Labs application for a reissue patent, *American Telephone and Telegraph Company, Western Electric Company, Incorporated, Bell Telephone Laboratories, Inc.* v. *Milgo Electronic Corporation and International Communications Corporation,* Civil Action No. 76 Civ. 996 WK (the "*New York*" case).

On or about March 8, 1976, petitioners moved in Kansas, pursuant to 28 U.S.C. § 1404(a), to transfer the infringement action as to them to New York where petitioners' declaratory judgment action was pending. Grounds for that motion included the following:

1. All the principal parties to the controversy are East Coast companies with their principal places of business on the East Coast and all are parties to the *New York* action whereas two were not parties to the *Kansas* action:

   a. Milgo and its manufacturing subsidiary ICC are Florida corporations with their principal places of business in Miami. ICC is not a party in Kansas but is in New York.

   b. AT&T, Western, the manufacturer of the allegedly infringing modems, and Bell Labs, the designer and developer of the allegedly infringing modems, are New York corporations with their principal places of business in New York or its New Jersey suburbs. Bell Labs is not and cannot be made a party in Kansas but is in New York.

2. Milgo's alleged inventions were made in Miami.
3. Western's allegedly infringing modems were designed and developed at Bell Labs' Holmdel, New Jersey facilities.
4. The vast majority of prospective witnesses and relevant documents are located on the East Coast:
   a. Milgo's inventors and relevant documents are located in and around Miami;
   b. Bell Labs' engineers who designed the allegedly infringing data sets as well as those who designed prior art data sets and relevant documents are located in the New Jersey suburbs of New York;
   c. Third party witnesses and documents relevant to the alleged invention of one of Milgo's patents also are located in the New Jersey suburbs of New York.
5. Milgo previously stated to the Court in the *United* case that the East Coast is more convenient to it because of the location of its witnesses.

In spite of these factual showings and the standards applied by other courts in less compelling situations, the District Court below, on July 23, 1976, denied transfer, from the bench at the conclusion of oral argument on petitioners' motion, without issuing an opinion and without expressing any reasons for the denial beyond the conclusory statement that AT&T and Western had not sustained their burden of showing that for the convenience of parties and witnesses and in the interest of justice, the case should be transferred.[2]

[2] A copy of the page of the transcript of the July 23, 1976 hearing relating to the Court's denial of the transfer motion appears in the Appendix to this petition at page 4a.

On the very same day that petitioners' transfer motion was denied in Kansas, the District Court in Massachusetts denied the motion of Codex and Yellow Freight to stay the Kansas infringement action against Yellow Freight.[3]

It thus appeared to petitioners that the copendency of the Kansas *Yellow Freight* case with the case at bar may have been a significant factor in the Kansas District Court's denial of petitioners' transfer motion.

Based on the Kansas court's determination, the New York court transferred that part of AT&T's, Western's and Bell Labs' declaratory judgment action which could be transferred [4] to Kansas leaving AT&T's and Western's declaratory judgment claims against ICC and Bell Labs' declaratory judgment claims against both Milgo and ICC in New York. The 35 U.S.C. § 291 interfering patents matter was stayed pending the resolution of a related interference proceeding in the United States Patent and Trademark Office.

The First Circuit's opinion of April 29, 1977 in *Codex Corporation* v. *Milgo Electronic Corp.*, 553 F.2d 735, cert. denied, —— U.S. ——, (1977) reversed the Massachusetts District Court's denial of the requested stay of the Kansas action against Yellow Freight effectively eliminating the possibility that the case at bar and the *Yellow Freight* case could be consolidated

[3] It was this decision that was reversed by the First Circuit in *Codex Corp.* v. *Milgo Electronic Corp.*, 553 F.2d 735 (1 Cir. 1977), cert. denied, —— U.S. —— (1977).

[4] On an issue of first impression, the New York Court held that because AT&T's and Western's declaratory judgment claims against Milgo could have been asserted as counterclaims in the *Kansas* action, those claims met the "might have been brought" test of 28 U.S.C. § 1404(a).

or coordinated in Kansas. This decision thus removed the one factor which petitioners believed the Kansas District Court might have considered in denying their transfer motion.

Following the First Circuit's decision in *Codex,* petitioners promptly renewed their transfer request on the grounds previously stated plus the additional ground that even the possibility of consolidation or coordination of similar actions in Kansas had now been removed. Petitioners' renewed motion was denied again from the bench following oral argument on June 2, 1977 without an opinion from the court or a statement of reasons.

Petitioners' appeal from the June 3, 1977 order was dismissed by the Court of Appeals on November 11, 1977.[5] Petitioners' petition for a writ of mandamus was denied January 6, 1978 and their request for a rehearing was denied February 2, 1978.

REASON FOR GRANTING THE WRIT

THE DECISION OF THE TENTH CIRCUIT SANCTIONS A DISTRICT COURT DECISION THAT SO FAR DEPARTS FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS THAT THIS COURT'S POWER OF SUPERVISION SHOULD BE EXERCISED

1. All Factors Properly To Be Considered Compel Transfer

28 U.S.C. § 1404(a) establishes the criteria by which a motion to transfer is to be judged. Section 1404(a) provides:

> "For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought".

[5] A copy of the Court's decision appears in the Appendix to this petition at page 5a.

a. The convenience of parties and witnesses

Under 28 U.S.C. § 1404(a), Courts have broad discretion to grant transfers upon a lesser showing of inconvenience than that formerly required under the predecessor doctrine of *forum non conveniens* (with its harsher penalty of dismissal, rather than transfer), with little weight being given to the plaintiff's choice of forum, especially where the forum has no real connection with the isues. *Norwood* v. *Kirkpatrick,* 349 U.S. 29, 32 (1955); *Medtronic, Inc.* v. *American Optical Corporation,* 337 F.Supp. 490 (D. Minn. 1971); *A. C. Samford, Inc.* v. *United States,* 226 F.Supp. 72, 77-78 (M.D.Ga. 1963); and *Glickenhaus* v. *Lytton Financial Corporation,* 205 F.Supp. 102 (D. Del. 1962).

This Court has commented favorably on the policy embodied in the transfer statute which encourages trial in a convenient federal forum, *Continental Grain Co.* v. *Barge FBL-585,* 364 U.S. 19, 26 (1960):

> "The idea behind § 1404(a) is that where a 'civil action' to vindicate a wrong—however brought in a court—presents issues and requires witnesses that make one District Court more convenient than another, the trial judge can, after findings, transfer the whole action to the more convenient court."

and in *Van Dusen* v. *Barrack,* 376 U.S. 612, 616 (1964) where the Court stated:

> "Section 1404(a) reflects an increased desire to have federal civil suits tried in the federal system at the place called for in the particular case by

considerations of convenience and justice." (footnote omitted)

All the principal parties to the *Kansas* action are Eastern companies with their principal activities in the East: Western Electric and AT&T are New York corporations with their principal places of business in New York City and with their principal activities in New York City and its New Jersey suburbs; Milgo is a Florida corporation with its principal place of business and principal activities in Miami, Florida.

The research, design and development of Western Electric's allegedly infringing data sets were carried out in Bell Labs' Holmdel facility located in the New Jersey suburbs of New York City.[6] The engineers who designed and developed those data sets and other witnesses and documents relevant to the design and development of those data sets are located in Holmdel.

The research which produced the alleged inventions of Milgo's patents in suit was conducted at its Miami facility and in conjunction with Western Union, a non-affiliated third party, located in the New York City area. The witnesses and documents related to this work are in Miami and New York.[7]

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[6] Prior to the District Court's denial on July 23, 1976 of petitioners' transfer motion, Milgo undertook a series of depositions of Western Electric personnel at Western Electric's Montgomery, Illinois plant, where the accused data sets are manufactured, in an attempt to establish that people knowledgeable about the accused data sets were located in the Midwest. The testimony of the 14 people deposed established conclusively that the Montgomery plant is involved in manufacturing only. All designs and design changes come from Bell Labs at Holmdel, New Jersey. No one at the Montgomery plant even understands how the data sets work.

[7] When asked to produce documents in Kansas in this case, Milgo instead insisted they be produced in Miami.

Hence, the principal parties themselves and the activities which are related to the subject matter of this litigation are located in the Miami and New York City areas.

The other parties to the *Kansas* action, Southwestern Bell and Boeing, are nominal defendants in the truest sense of the word. Southwestern Bell is a mere customer of Western Electric and Boeing is a customer of Southwestern Bell. They were made defendants for the purpose of creating the illusion of a nexus between the Kansas forum and the subject matter of this litigation. But Boeing itself is a Delaware corporation with its principal place of business in Dover, New Jersey, also near New York City. Southwestern Bell is a Missouri corporation with its principal place of business in St. Louis. Both Boeing and Southwestern Bell have agreed to intervene in the action after transfer to New York if there is any reason for them to do so.

In addition to the location of the parties and the parties' employee witnesses on the East Coast, third party witnesses can be expected to be called from the New York City area, within the subpoena power of the New York court.

In addition to the employees of Western Union referred to above, the authors of "Data Transmission", the book referred to by Judge Templar, who tried the *United* case, as the "bible" of data transmission are residents of the New York area as are other former employees of Bell Labs who designed and developed data sets which constitute prior art to Milgo's patents. The ability to command the presence of these third party witnesses would be a benefit to all the parties and the trial court.

There can be no question about the convenience of the parties and witnesses being served by transfer to New York. No convenience factor supports retaining this case in Kansas.

None of the principal parties to this action has its principal place of business in Kansas. Milgo's research and development was not done in Kansas. The research development, design and manufacture of the allegedly infringing modems were not done in Kansas. There are no witnesses, no documents and no other sources of proof in Kansas. In short, this case has nothing to do with Kansas.

As the First Circuit found in *Codex*, 553 F.2d at 737:

> "Milgo is a Florida corporation, and its technical experts and witnesses are to be found in Florida or elsewhere on the East Coast. Codex, a Massachusetts corporation, has its principal place of business here, with its witnesses and documents. Yellow Freight, a Kansas corporation, is merely a customer of Codex; Milgo has made no showing that the dispute concerning the devices which Codex provided to Yellow Freight bears any substantial relation to Kansas. Accordingly, as between Massachusetts and Kansas, Massachusetts would clearly be the more convenient forum."

Milgo itself, in a letter to the Kansas Court dated March 10, 1975, in connection with its effort to get the *United* case transferred from Kansas to the East Coast, stated:

> "A trial in Florida is the most convenient location for all the witnesses identified by both parties in their Pretrial Briefs. Defendants technical witnesses are on the East Coast (Maryland and New York) and Milgo's inventors are in Florida, with other Milgo technical witnesses in the New Jersey and New York area."

Thus New York is an even more convenient forum than was Boston in *Codex*.

b. THE INTEREST OF JUSTICE

The "'interest of justice' factor" is "'separate and distinct from the convenience of parties and witnesses as well as a necessary resultant factor from such convenience,'" *Paragon-Revolute Corp.* v. *C. F. Pease Co.*, 120 F.Supp. 488, 491 (D. Del. 1954). The interest of justice generally follows if the transfer serves the convenience of the parties and witnesses. *Cinema Amusements* v. *Loew's, Inc.*, 85 F.Supp. 319, 326 (D. Del. 1949):

> "In most cases, if the convenience of the parties and witnesses will be served by transfer it usually follows that justice will also be served by transfer." (Footnote omitted)

In addition to the convenience factors which, as described in the preceding section, favor transfer without exception, other considerations of the interest of justice also compel the conclusion that the *Kansas* action as to Western Electric and AT&T should have been transferred to New York. No consideration affecting the interest of justice properly taken into account supports the selection of Kansas as the forum in which this dispute should be litigated.

(1) *all interested parties are in New York*

All the parties having a real interest in this dispute are parties to the *New York* case. There all the issues

raised in this, the *Kansas* action, are raised—and additional issues as well. Two parties (ICC and Bell Labs) who have a real interest in this litigation are not parties to the *Kansas* action but are parties to the *New York* case. Bell Labs, the designer and developer of the accused modems and therefore vitally interested in this litigation, is not a party to the *Kansas* case and, because it has no presence in Kansas, cannot be made a party in that forum. Boeing and Southwestern Bell, the nominal parties in the *Kansas* action, have stated that they will appear in New York if the case is transferred.

(2) *third party witnesses are near New York*

In addition to the petitioners being located in New York City, important third party witnesses (the authors of the "bible," and other past and present employees of Bell Labs and the employees of Western Union who were involved in the development work which resulted in at least one of the patents in suit) are also located in the New York area within the subpoena power of the New York court. Trial of this action in Kansas would deprive petitioners of the ability to compel the appearance of those witneses for live testimony and the trial court of the opportunity to gauge their credibility.

(3) *judicial economy is served by transfer*

There is no case in Kansas with which this case can be consolidated or coordinated. There is one in New York. At the time petitioners first moved to transfer the *Kansas* action as to them to New York, the *Yellow Freight* case was pending in Kansas. It may be that in stating the conclusion that the interest of justice

would not be served by transferring the case to New York, the District Court below contemplated the achievement of judicial economy by the consolidation or coordination of the *Yellow Freight* case with the *Kansas* action in Kansas.

That possibility was eliminated, however, by the First Circuit's decision of April 29, 1977 in the *Massachusetts* case in which the denial of the Codex-Yellow Freight motion to enjoin the *Yellow Freight* case in Kansas was reversed, 553 F.2d 735 (1 Cir. 1977), cert. denied —— U.S. —— (1977). The First Circuit there held that Milgo should not be permitted to "bootstrap" itself into an inconvenient forum simply by bringing two actions[*] in the inconvenient forum:

> "The pendency of related litigation in another forum is a proper factor to be considered in resolving choice of venue questions (citations omitted) and may have been decisive in a number of cases where the convenience factors were inconclusive (citations omitted). However, we have found no case where it has carried the day against factors pointing in the other direction. Nor are we fully convinced of the propriety of using another customer suit of another manufacturer, which, incidentally, may have very different collateral issues, as a magnet to draw a suit to a jurisdiction where it otherwise should not be. This would mean that if a patentee brings enough suits in what, in all respects, other than its personal hope of a favorable outcome, is an unnatural and inconvenient forum from the standpoint of trial, it can bootstrap itself into staying there." 553 F.2d 735 at 739

[*] The Court was referring to the Kansas-*Yellow Freight* case and Milgo's *Kansas* action against Western Electric, AT&T Southwestern Bell and Boeing, the case which petitioners here seek to have transferred to the plainly more appropriate New York forum.

Considerations of judicial economy in fact support transfer. The *New York* case involves not only the declaratory judgment claims relating to the patents in suit in Kansas but also the 35 U.S.C. § 291 interfering patents cause of action involving a Bell Labs patent and a Milgo patent not at issue in Kansas.[9] The New York Court will have to try the interfering patents cause of action and in so doing will have to learn the complex technology involved in these data set issues. Hence, transfer of the *Kansas* action to New York, where the Court will have to learn the technology anyway, would eliminate the need for the Kansas court to also learn that technology.

2. The Denial Of The Transfer Motion Here Was An Abuse Of Discretion

The standard applied in reviewing the disposition of a 28 U.S.C. § 1404(a) transfer motion is one of abuse of discretion.[10] *Chicago, Rock Island & P.R. Co.* v. *Hugh Breeding, Inc.*, 247 F.2d 217 (10 Cir. 1957), cert. dismissed, 355 U.S. 880 (1957); *Pacific Car and Foundry Company* v. *Pence*, 403 F.2d 949 (9 Cir. 1968); *Akers* v. *Norfolk and Western Railway Company*, 378 F.2d 73 (4 Cir. 1967); *Chicago, Rock Island and Pacific Railroad* v. *Igoe*, 220 F.2d 299 (7 Cir. 1955), cert. denied, 350 U.S. 822 (1955); *Fine* v. *McGuire*, 433 F.2d 499 (D.C. Cir. 1970); *Southern Railway Company* v. *Madden*, 235 F.2d 198 (4 Cir.

[9] The § 291 cause has been temporarily stayed pending resolution of a related interference proceeding in the United States Patent and Trademark Office. That proceeding will soon be completed; the final hearing having been had on October 19, 1977.

[10] The same standard is applied whether appellate review of the transfer order is by appeal from a final judgment or by a petition for a writ of mandamus with respect to an interlocutory order.

1956); *ACF Industries, Inc.* v. *Guinn*, 384 F.2d 15 (5 Cir. 1967).

Where the appellate court has found that in determining a motion for transfer the district court abused its discretion in applying the statutory criteria defined by 28 U.S.C. §1404(a) there has been no reluctance to reverse the lower court's order, and where a writ of mandamus has been sought, to issue the writ.

Petitioners respectfully submit that the facts and circumstances of this case so overwhelmingly and conclusively show that the convenience of parties and witnesses and the interest of justice would be served by transferring the *Kansas* action as to Western Electric and AT&T to New York that the Kansas Court's denial of petitioners' motion to transfer to New York constitutes a clear abuse of discretion. Many cases, on facts much less compelling than these, have so held.

In *Pacific Car and Foundry Company* v. *Pence*, 403 F.2d 949 (9 Cir. 1968) the plaintiff, an Australian company, brought an antitrust suit against the defendant in the District of Hawaii. As is true in the case now before this Court, none of the parties in *Pacific Car* had substantial contacts with the chosen forum. Defendants' motion to transfer was denied by the district court and defendant then petitioned for a writ of mandamus ordering the transfer.

On the issue of the use of a petition for writ of mandamus to obtain interlocutory review of the denial of a motion to transfer the Ninth Circuit stated:

> "A decision denying change of venue is complete and final in itself. It is not a step toward final judgment. Instead, it is collateral to and separable from the rights asserted in the action. Venue pro-

> visions deal with rights too important to be denied review. Yet error in denying change of venue cannot be effectually remedied on appeal from final judgment. The purpose of the rule is to avoid the disruption, expense, and inconvenience parties and witnesses must suffer by having the trial in an improper forum. To require litigants to await final judgment for relief serves to defeat the very purpose of the venue rule by requiring them to submit to the disadvantages from which the rule is designed to relieve them." 403 F.2d at 952

Finding that the plaintiff's "choice [of forum was] supported only by the fact that it was chosen", the Ninth Circuit found that "Such a choice cannot prevail under § 1404(a) against the showing of inconvenience here made by the petitioner", 403 F.2d 949 at 955, and issued the writ.

Petitioners here have shown that Milgo's choice of Kansas is supported only by the fact that Milgo chose it. Milgo's action against Western Electric and AT&T should be transferred to New York where all parties are available, all issues raised and where the bulk of witnesses and documents are located.

In *ACF Industries, Inc.* v. *Guinn,* 384 F.2d 15 (5 Cir. 1967), the Fifth Circuit, on a petition for a writ of mandamus, ordered a second filed Kansas declaratory judgment suit tried in preference to an earlier filed Texas infringement suit because all the parties and witnesses were in or near Kansas, and because the Kansas case involved an interference proceeding [11] as well as the usual patent issues.

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[11] An interference is an administrative proceeding initiated by the Patent Office pursuant to 35 U.S.C. § 135 to determine priority of invention as between two or more rival applicants for a patent on that invention.

> "In this case the stay [of the first filed infringement action] was most appropriate, since the Kansas court was considering the Patent Office decision in the interference proceeding. Further the parties and most of the principal witnesses resided in or near the Kansas district, and the Kansas proceedings seemed more likely to reach a decision before the Texas court would conclude its findings. A stay order would surely avoid an unwanted and highly undesirable race by each party to obtain a decision from the particular district court reacting most favorably to its position. Cf. General Tire & Rubber Co. v. Watkins, 4 Cir. 1967, 373 F.2d 361.
>
> We are not asked to order the transfer of the Texas action pursuant to 28 U.S.C.A. § 1404(a). A stay order has virtually the same effect, and is granted for practically the same reasons that motivate a court in granting a transfer motion. Some of the cases dealing with section 1404(a) are, therefore, instructive.
>
> * * *
>
> In Koehring Company v. Hyde Construction Co., 5 Cir. 1963, 324 F.2d 295, this Court carefully considered the criteria to be considered in a motion for change of venue. We noted the residence of the witnesses, the convenience of the parties, and the opportunity of reaching a judgment without unnecessary delay. In the 'interest of justice' we concluded that the cause should be transferred [on a petition for a writ of mandamus]." 384 F. 2d at 19

In this case like *ACF,* all the parties and witnesses are more conveniently located to the transferee district, New York, than to plaintiff's chosen forum, Kansas. In this case like *ACF,* there is an interference

proceeding in New York. The *ACF* case is virtually on all fours and here, as there, the Court should have recognized that the later filed declaratory judgment suit, which is in the more convenient forum, should take preference to the earlier filed infringement suit in the artificial forum.

As the First Circuit so aptly put it in *Codex,* 553 F.2d at 739:

> "While Milgo's past success makes its affection for Kansas understandable, the substance of this argument overlooks the fact that that litigation [the *United* case] being largely completed, there is no possibility of consolidation or coordination to promote judicial economy."

Thus, it can be seen that all factors which are entitled to consideration in this case and which have been considered in transfer cases by other courts compel transfer to New York:

1) all the principal parties to this dispute are Eastern companies;
2) all parties with a real interest in this litigation, including two who are not parties in Kansas, are parties to the *New York* case;
3) the nominal parties have stated they will intervene in the New York case;
4) the accused data sets were designed and developed in the New York City area;
5) Milgo's research work was conducted in Miami and in conjunction with a third party also located in the New York City area; and
6) the bulk of the potential witnesses and documents, including third party witnesses and documents, are located in the East within the subpoena power of the New York court.

Not a single factor relating to convenience or the interest of justice can be shown to favor the choice of Kansas. Only the fact of Milgo's initial choice of Kansas remains. In circumstances such as these that choice is entitled to little weight, and it plainly is not enough to carry the day in the face of all the contrary factors marshalled above.

This Court has previously taken jurisdiction, by petitions for writs of certiorari, of cases involving discretionary venue matters and has reviewed the exercise of that discretion.

In *Gulf Oil Corp.* v. *Gilbert,* 330 U.S. 501 (1946), the court considered the precursor to the present discretionary change of venue provision, the doctrine of forum non conveniens, and set forth the considerations applicable to a sound exercise of discretion. There the court reviewed the exercise of discretion by the District Court (which had been reversed by the Court of Appeals) and found that the discretion had been properly exercised.

In *Norwood* v. *Kirkpatrick,* 349 U.S. 29 (1955), *Continental Grain Co.* v. *Barge FBL-585,* 364 U.S. 19 (1960) and *VanDusen* v. *Barrack,* 376 U.S. 612 (1964), the Court reviewed cases arising under 28 U.S.C. § 1404.

In *Van Dusen* v. *Barrack,* this Court found that the District Court had not given proper consideration to the appropriate factors and remanded the case.

The case now before the Court is a classic example of the evils of forum shopping. Because AT&T and Western are large national companies, they are subject to suit virtually everywhere under the applicable venue statutes, in this case the patent venue statute,

28 U.S.C. § 1400(b). Yet it seems clear that the patent venue statute was intended to restrict the jurisdictions in which suit could be brought.

Kansas has no connection with the controversy. None of the activities which are central here have any nexus with Kansas. Milgo does its inventing, designing and manufacturing in Miami. Western's allegedly infringing products were designed in New Jersey and are manufactured in Illinois.

The only connection to Kansas is Milgo's earlier suit against Kansas corporations.

Petitioners respectfully submit that the patent venue statute, 28 U.S.C. § 1400(b), was not intended to permit litigation in jurisdictions so tangentially connected to the real controversy and the real parties in interest. To sanction such an expansive interpretation is to encourage forum shopping in patent cases and to further burden the judicial process with a plethora of meritorious, but otherwise unnecessary, motions under 28 U.S.C. § 1404(a) to transfer to a proper forum.

CONCLUSION

For all the reasons set forth above, petitioners respectfully urge the Court to grant certiorari and to reverse the decision below.

Respectfully submitted,

ALBERT E. FEY
Attorney for Petitioners

FISH & NEAVE
277 Park Avenue
New York, New York 10017

Of Counsel:

RICHARD J. CODDING
222 Broadway
New York, New York 10038

APPENDIX

APPENDIX

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Order of The United States Court of Appeals For The Tenth Circuit (January 6, 1978) 1a

Minute Order of the United States District Court for the District of Kansas (June 3, 1977) 2a

Order of The United States Court of Appeals for the Tenth Circuit Denying Petition for Rehearing (February 2, 1978) 3a

Transcript of Proceedings Before the United States District Court for the District of Kansas (Judge O'Connor speaking) (July 23, 1976) 4a

Decision of the United States Court of Appeals for the Tenth Circuit Dismissing Appeal (November 11, 1977) 5a

NOVEMBER TERM—January 6, 1978

Before Honorable Robert H. McWilliams, Honorable Jean S. Breitenstein, and Honorable William E. Doyle, Circuit Judges

No. 77-2001

AMERICAN TELEPHONE AND TELEGRAPH COMPANY and WESTERN ELECTRIC COMPANY, INCORPORATION,
Petitioners,

vs.

EARL E. O'CONNOR, United States District Judge for the District of Kansas,
Respondent.

This matter comes on for consideration of the petition for writ of mandamus filed in the captioned cause on December 5, 1977. The Court granted an extension of time to file a response and has considered respondent's brief in opposition to the petition.

Upon consideration thereof, the petition for writ of mandamus is denied.

/s/ HOWARD K. PHILLIPS
Howard K. Phillips, Clerk

A true copy

Teste

Howard K. Phillips
Clerk, U. S. Court of
Appeals, Tenth Circuit

/s/ L. Dinan Clark
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

[Received Jun. 7, 1977, M.P.P.F. & L.]
MILGO ELECTRONIC CORPORATION, Plaintiff,

v.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY; WESTERN ELECTRIC COMPANY, INC.; SOUTHWESTERN BELL TELEPHONE COMPANY; BOEING COMPUTER SERVICES INC., Defendant.

Minute Order

BY DIRECTION OF THE COURT:

IT IS ORDERED

Defendant's motion to review order of United States Magistrate dated January 18, 1977 and the one dated January 4, 1977 are hereby affirmed in all respects.

Defendant American Telephone and Telegraph Company and The Western Electric Company, Inc., motions to reconsider the motion to transfer is hereby denied.

Plaintiff's motion to strike is hereby taken under advisement this 2nd day of June, 1977.

Dated this 3rd day of June 1977 at Kansas City, Kansas.

ARTHUR G. JOHNSON, CLERK
/s/ BETTY L. ROSS
Betty L. Ross, Deputy Clerk

U.S. District Court,
District of Kansas, ss:

I hereby certify that the foregoing is a true copy of the original on the file in this court.
ARTHUR G. JOHNSON, Clerk

By /s/B. Ross
Deputy
Dated: 6/3/77

[Filed Jun 3, 1977 Arthur G. Johnson, Clerk]
[By Linda Serevin, Deputy]

JANUARY TERM—February 2, 1978

Before Honorable Robert H. McWilliams, Honorable Jean S. Breitenstein, and Honorable William E. Doyle, Circuit Judges.

No. 77-2001

AMERICAN TELEPHONE AND TELEGRAPH COMPANY *and*
WESTERN ELECTRIC COMPANY, INCORPORATED,
Petitioners,

vs.

EARL E. O'CONNOR, United States District Judge for the District of Kansas,
Respondent.

This matter comes on for consideration of petitioners' motion for an extension of time to file a petition for rehearing until January 30, 1978, together with Milgo's response in opposition to the motion for extension.

The Court also has for consideration the petitioners' petition for rehearing tendered for filing on January 26, 1978.
Upon consideration whereof, it is the order of Court:

1. Petitioner is granted an extension of time to file the petition for rehearing. The petition received January 26, 1978, is ordered filed.

2. The petition for rehearing is denied

/s/ HOWARD K. PHILLIPS
Howard K. Phillips, Clerk

TRANSCRIPT OF PROCEEDINGS

Before the United States District Court For the District of Kansas

(Judge O'Connor Speaking)

July 23, 1976

". . . of this case but unfortunately that isn't the way we decide these things.

I have gone over this file and I agree that the defendants maybe have some basis, certainly, as to convenience and all, but the law is, of course, as you all know, that great deference must be shown to the plaintiff's choice of forum and the burden is clearly on the defendants to establish the reasons and the statutory reasons for the Court to exercise discretion and transfer the case, but the Court finds and concludes, and I have gone over all these documents and there is no use to write an opinion and just rehash all that each of you have done and done very well, certainly on your own behalfs, but the Court finds and concludes that the defendants have failed to sustain their burden of showing that for the convenience of parties and witnesses and particularly in the interest of justice that the case should be transferred. In fact, the Court is of the opinion that a transfer would not be in the interests of justice, so the defendants A. T. & T. and Western's motion to transfer is denied. The defendants Southwestern Bell and Boeing Computer motion to sever and stay is denied.

I intend, at least at this juncture, for Judge Sullivant to continue hearing any matters pertaining . . ."

SEPTEMBER TERM—November 11, 1977

Before Honorable Oliver Seth, United States Circuit Judge, Honorable John C. Pickett, United States Senior Circuit Judge, and Honorable Robert H. McWilliams, United States Circuit Judge.

No. 77-1601

MILGO ELECTRONIC CORPORATION, a corporation,
Plaintiff-Appellee,

vs.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY, WESTERN ELECTRIC COMPANY, INC., corporations,
Defendants-Appellants,

SOUTHWESTERN BELL TELEPHONE COMPANY and BOEING COMPUTER SERVICES, INC., corporations,
Defendants.

Appellee Milgo Electronic Corporation has submitted a motion to dismiss the above appeal on the ground that the orders appealed from are not final and appealable pursuant to 28 U.S.C. § 1291. Upon consideration whereof, the motion to dismiss is granted and the appeal is ordered dismissed.

The appellants seek review pursuant to § 1291 of two orders of the United States District Court for the District of Kansas: the first a discovery order which ordered release of confidential, technical documents to the expert witness, and employee, of Milgo Electronic Corporation; the second an order declining to transfer the action pursuant to 28 U.S.C. § 1404(a) to the United States District Court for the Southern District of New York. We view this court's recent decision in Arthur Andersen & Co. v. Finesilver, 546 F.2d 338 (10th Cir. 1976), cert. denied, —— U.S. ——, as dispositive of the "discovery order" issue: that

order is nonappealable. We also view the order refusing to transfer pursuant to 28 U.S.C. § 1404(a) as non-appealable. *See,* Am. Fid. Fire Ins. v. U.S. Dist. Ct. for N.D. Cal., 538 F.2d 1371, 1374 (9th Cir. 1976); Metropolitan Paving Co. v. International U. of Op. Eng., 439 F.2d 300, 305 (10th Cir. 1971), cert. denied, 404 U.S. 829; Texas Gulf Sulphur Co. v. Ritter, 371 F.2d 145 (10th Cir. 1967).

The appellants request in the closing paragraphs of their "Brief in Opposition to Appellee's Motion to Dismiss" that, in the event the orders are held non-appealable, the matter be treated as a petition for a writ of mandamus pursuant to 28 U.S.C. § 1651 and Rule 21, F.R.A.P. We do note that the instant proceedings, in the present posture, do not satisfy the procedural requirements of Rule 21, F.R.A.P. In such circumstances, we decline to treat these proceedings as a petition for a writ of mandamus.

The clerk of this court shall certify a copy of this order to the United States District Court for the District of Kansas as and for the mandate.

HOWARD K. PHILLIPS, Clerk
/s/ ROBERT L. HOECKER,

Robert L. Hoecker,
Chief Deputy Clerk